



LOUISVILLE METRO DEPARTMENT OF ECONOMIC GROWTH AND INNOVATION

BROWNFIELDS CLEANUP LOAN PROGRAM: METCO POLICY

The Metropolitan Business Development Corporation (METCO) governs metro government's small business loans, including the BCLP. The METCO Board meets the fourth Thursday of each month.

PRINCIPAL CRITERIA AND TERMS:

1. METCO will lend a maximum of 100% of the costs of eligible remediation/cleanup activities.
2. The maximum loan is \$1,200,000 per project. The maximum loan amount may be decreased without notice based upon the availability of funds.
3. A fixed, below market rate, interest rate will be charged. The rate will be determined on the basis of demonstrated need of the business and the amount and nature of the public benefit to be achieved. Maximum maturity is 10 years. The term of any loan awarded under the BCLP will not exceed ten (10) years. Repayment of the loan will be by either semi-annual or monthly payments of principal and interest. If the principal and interest are deferred for any period of time (maximum five (5) years), the balance of the loan shall be amortized within the remaining term of the loan. The sale or leasing of the property during the term of the loan may trigger prepayment of the outstanding principal as determined by the Department of Economic Growth and Innovation. The Department of Economic Growth and Innovation may develop flexible loan terms for public and non-profit borrowers to advance economic development of Louisville Metro.
4. There is no penalty for early payoff.
5. METCO funds are secured principally by fixed assets and as follows:
 - Loans are typically secured with a lien on the real estate property that is being improved.
 - Commercial Real Estate – total liens, including METCO's shall not exceed 85% of appraised/assessed value or current cost.
 - Residential Real Estate – total liens, including METCO's, shall not exceed 90% of appraised/assessed value or current cost.
 - Personal Assets – Marketable securities at 75%. Certificates of deposit, life insurance cash values at 100% of balance or market value, whichever is appropriate.
 - Other Assets – Loan value is established by the METCO board on a case by case basis.
 - Loans are additionally secured by the personal guarantee of the borrower.

Loans are to be guaranteed by all shareholders or owners owning 20% or more of the business unless special circumstances dictate otherwise. Pro rata guarantees are acceptable where appropriate.

Additional Security Requirements: These may include corporate guarantees from the developer or related companies, or full or partial letter of credit.

Prevailing Wage: Federal prevailing wage is required for cleanup and remediation related activities. Rates and payment of prevailing wages are determined by the United States Department of Labor.

Comments. Loans considered under this program will be scrutinized principally for economic development impact of the proposed project, public benefit of cleanup, wealth building opportunities for residents of the targeted area, and sustainable reuse of brownfields. All applicants for funding will be reviewed by the Louisville Metro Department of Economic Growth and Innovation staff prior to submission to the METCO Board of Directors for consideration.